

News

U.S. Department of Labor
Bureau of Labor Statistics
1100 Main Street, Suite 600
Kansas City, Missouri 64105-2112



General Information: (816) 426-2481

Media Contact: Dave McDermott

(816) 426-2481

Fax-on-Demand: (816) 426-3152; request document no. 9730

Internet: www.bls.gov/ro7/home.htm

FOR IMMEDIATE RELEASE:

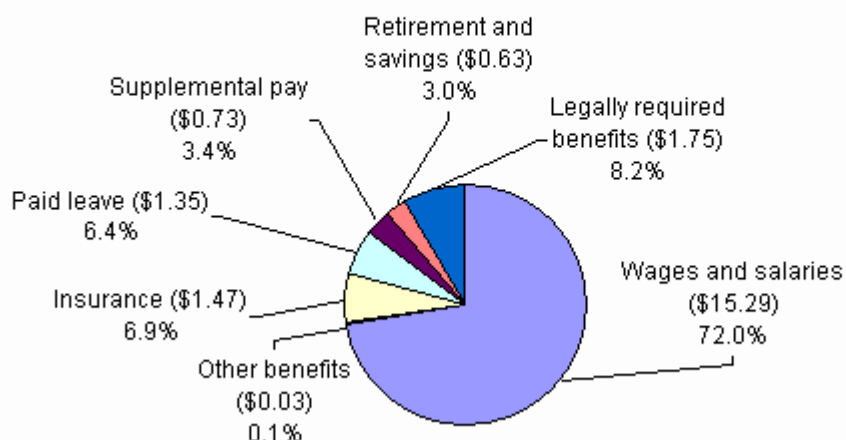
Wednesday, October 2, 2002

Employer Costs for Employee Compensation Midwest Region - March 2002

Employer costs for employee compensation of private industry workers in the Midwest averaged \$21.25 per hour worked in March 2002, according to the U.S. Department of Labor's Bureau of Labor Statistics. Regional Commissioner Bob Gaddie reported that wages and salaries averaged \$15.29 per hour and accounted for 72 percent of these costs. Benefits comprised the remaining 28 percent of total compensation costs and averaged \$5.96. (See table 1.)

Legally required benefits averaged \$1.75 per hour worked (8.2 percent of total compensation) and represented the employer's largest non-wage cost. Other employer costs included insurance benefits at \$1.47 per hour worked (6.9 percent), paid leave benefits at \$1.35 (6.4 percent), and retirement and savings benefits at 63 cents (3.0 percent). (See chart 1.)

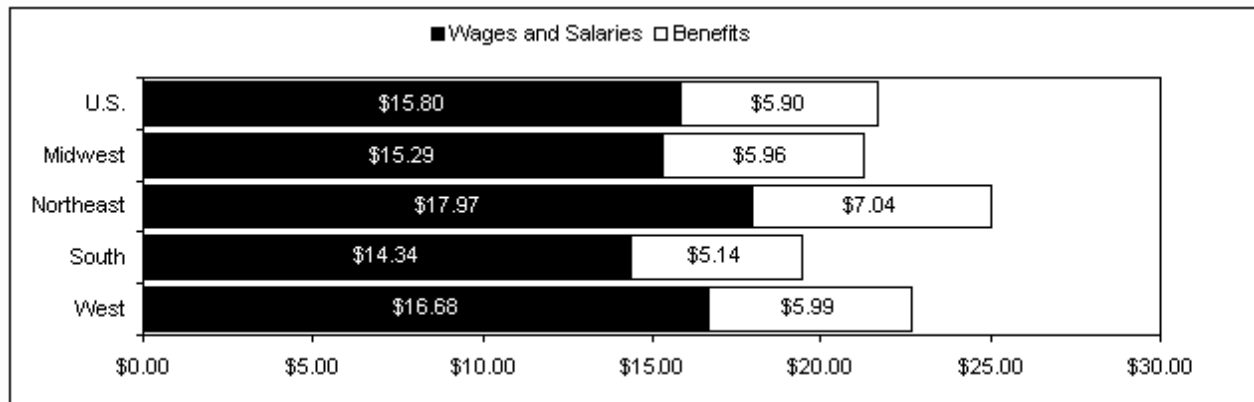
Chart 1. Employer cost per hour worked, Midwest region, private industry, March 2002



Regional variations

In the other three regions of the country, hourly compensation costs averaged \$25.00 in the Northeast, \$22.68 in the West, and \$19.49 in the South. Employer costs for wages and salaries in these regions were \$17.97 in the Northeast, \$16.68 in the West, and \$14.34 in the South. Nationally, compensation costs averaged \$21.71 with wages and salaries accounting for \$15.80. (See chart 2.)

Chart 2. Employer costs per hour worked for employee compensation, private industry, March 2002



The proportion of compensation costs paid for benefits in the Northeast (28.2 percent) was virtually the same as in the Midwest. In the other two regions, benefit cost shares averaged 26.4 percent in both the South and the West. Nationwide, benefits accounted for 27.2 percent of the cost of total compensation.

#

EXPLANATORY NOTES

Employer Costs for Employee Compensation (ECEC) measures the average cost per employee hour worked that employers pay for wages and salaries and benefits. Employer Costs for Employee Compensation include data from both private industry and State and local government. Data in this release, however, are limited to private industry workers and exclude public sector employees. Not included in the ECEC survey are the self-employed, the farm, household, and Federal government workers. The survey is conducted during the payroll period that includes March 12th as the reference period.

Wages and salaries are defined as the hourly straight-time wage rate or, for workers not paid on an hourly basis, straight-time earnings divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions and include production bonuses, incentive earnings, commission payments, and cost-of-living adjustments. Not included in straight-time earnings are nonproduction bonuses such as lump-sum payments provided in lieu of wage increases, shift differentials, and premium pay for overtime and for work on weekends and holidays; these payments are included in the benefits component.

Benefits include: Paid leave-vacation, holidays, sick leave, and other leave; supplemental pay-premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays), shift differentials, and nonproduction bonuses (such as referral bonuses and lump-sum payments provided in lieu of wage increases); insurance benefits-life, health, short-term disability, and long-term disability; retirement and savings benefits-defined benefit and defined contribution plans; legally required benefits-social security, Medicare, Federal and State unemployment insurance, and workers' compensation; and other benefits-severance pay and supplemental unemployment plans.

The March 2002 Survey

The March 2002 levels of Employer Costs for Employee Compensation were calculated using March 2002 employment counts from the Bureau of Labor Statistics' Current Employment Statistics (CES) program, benchmarked to the 2001 universe of all private nonfarm establishments. In the future, publication of ECE data

will be on a quarterly basis instead of annual, with data collected for the pay period including 12th day of the survey months of March, June, September, and December.

Publication of quarterly ECEC data will be approximately three months after the month of reference. Information on the new data series can be obtained by calling (202) 691-6199, visiting the Internet site <http://www.bls.gov/ncs/ect/home.htm>, or by e-mail request ocltinfo@bls.gov.

Comparisons of ECEC and ECI

In contrast to the ECEC, which uses current weights to calculate cost levels, the Employment Costs Index (ECI) measures the change in employer costs for employee compensation with fixed 1990 employment counts to prevent employment shifts among occupations and industries from influencing the changes. Therefore, year-to-year changes in the ECEC will differ from those in the ECI.

Information on compensation cost trends over time is available in the Bureau of Labor Statistics report on the Employer Cost for Employee Compensation, 1986-99, Bulletin 2508 and the Employment Cost Indexes, 1975-99, Bulletin 2532. Information on the incidence and detailed provisions of selected employee benefit plans is published in Employee Benefits in State and Local Governments, 1998, Bulletin 2531; Employee Benefits in Medium and Large Private Establishments, 1997, Bulletin 2517; and Employee Benefits in Small Private Establishments, 1996, Bulletin 2507. Copies of these Bulletins are available on the Bureau's Internet site at <http://www.bls.gov/ebs>. Employment Cost Index data is available at <http://www.bls.gov/ncs/ect/home.htm>.

Printed copies of these surveys are available for purchase from the Bureau of Labor Statistics, Publications Sales Center, P. O. Box 2145, Chicago, IL 60690. Telephone orders using a credit card (American Express, MasterCard, Visa or Discover/NOVUS) or GPO Deposit Account may be placed between 8:00 AM and 3:00 PM Central Time at (312) 353-1880, menu option 0.

Table 1. Employer costs per hour worked for employee compensation and costs as a percent of total compensation, private industry workers, March 2002

Compensation component	Region (1)									
	U.S. Average		Midwest		Northeast		South		West	
	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%
Total compensation	\$21.71	100.0	\$21.25	100.0	\$25.00	100.0	\$19.49	100.0	\$22.69	100.0
Wages & salaries	15.80	72.8	15.29	72.0	17.97	71.9	14.34	73.6	16.68	73.5
Total benefits	5.90	27.2	5.96	28.0	7.04	28.2	5.14	26.4	5.99	26.4
Paid leave	1.44	6.6	1.35	6.4	1.83	7.3	1.24	6.4	1.48	6.5
Vacation	.72	3.3	.68	3.2	.92	3.7	.62	3.2	.74	3.3
Holiday	.49	2.3	.47	2.2	.62	2.5	.42	2.2	.51	2.2
Sick	.17	.8	.14	.7	.22	.9	.14	.7	.19	.8
Other	.06	.3	.07	.3	.08	.3	.05	.3	.05	.2
Supplemental pay	.62	2.9	.73	3.4	.77	3.1	.50	2.6	.52	2.3
Premium	.24	1.1	.30	1.4	.22	.9	.22	1.1	.23	1.0
Shift diff.	.06	.3	.08	.4	.06	.2	.04	.2	.05	.2
Non-production bonuses	.32	1.5	.35	1.6	.49	2.0	.24	1.2	.24	1.1
Insurance	1.40	6.4	1.47	6.9	1.62	6.5	1.25	6.4	1.35	6.0
Life	.04	.2	.04	.2	.05	.2	.04	.2	.04	.2
Health	1.29	5.9	1.35	6.4	1.48	5.9	1.14	5.8	1.26	5.6
Short-term disability (3)	.04	.2	.05	.2	.06	.2	.04	.2	.03	.1
Long-term disability	.03	.1	.03	.1	.03	.1	.03	.2	.03	.1
Retirement & sav.	.63	2.9	.63	3.0	.80	3.2	.52	2.7	.65	2.9
Defined benefit	.23	1.1	.28	1.3	.27	1.1	.17	.9	.22	1.0
Defined contrib.	.40	1.8	.35	1.6	.53	2.1	.35	1.8	.43	1.9
Legally required benefits	1.80	8.3	1.75	8.2	1.98	7.9	1.61	8.3	1.97	8.7
Social Security	1.32	6.1	1.29	6.1	1.47	5.9	1.20	6.2	1.39	6.1
OASDI	1.06	4.9	1.04	4.9	1.17	4.7	.97	5.0	1.12	4.9
Medicare	.26	1.2	.25	1.2	.30	1.2	.23	1.2	.27	1.2
Federal unemp. insurance	.03	.1	.03	.1	.03	.1	.03	.2	.03	.1
State unemp. insurance	.10	.5	.09	.4	.14	.6	.06	.3	.12	.5
Workers' comp.	.35	1.6	.34	1.6	.34	1.4	.31	1.6	.43	1.9
Other benefit (5)	.03	.1	.03	.1	.04	.2	.02	.1	.02	.1

(1) The regional coverage is as follows:

Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin;

Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont;

South: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia;

West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

(2) Includes premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays).

(3) Short-term disability (previously, sickness and accident insurance) includes all insured, self-insured, and state-mandated plans that provide benefits for each disability, including unfunded plans.

(4) The total employer's cost for Social Security is comprised of an OASDI portion and a Medicare portion. OASDI is the acronym for Old-Age, Survivors, and Disability Insurance.

(5) Includes severance pay and supplemental unemployment benefits. Note: The sum of individual items may not equal totals due to rounding.